

**EXECUTIVE SECRETARIAT**  
ROUTING SLIP

*Memo  
Chow*

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		✓
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI	X			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OLL				
14	D/PAO				
15	D/PERS				
16	VC/NIC				
17	ES		X		
18					
19					
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21					
22					
		3 Apr 86			
		SUSPENSE			

Remarks To 5:  
1. Please note this report should be controlled and considered a draft.  
2. Please get back to DCI with answer to his questions and proposal for paper that could stand the light of day.

Executive Secretary

25 Mar 86

Date

~~SECRET~~

Executive Registry

86- 1221

25 March 1986

MEMORANDUM FOR: Associate Deputy Director for Intelligence

FROM: Director of Central Intelligence

SUBJECT: External Contracting in the DI

1. I found the study on external contracting in the DI very interesting. I would not want to show it or pass it around the Hill in its present form. I feel it would create an inaccurate impression. I, myself, was flabbergasted by the magnitude of the increase in expenditures from [ ] in 1982 to [ ] in 1985, going to [ ] this year, and then to read that records of contract results cannot be used to evaluate the effectiveness of the DI contracting program.

2. Particularly on page 4, and perhaps earlier, there should be a distinction between ADP contracts and other contracts which are investments in efficiency and capability and those in which we hope to obtain substantive information and assessments. In a sense, the former can be viewed as capital investments and the latter as operating costs. That distinction is essential to whittle down that [ ] figure which seems like an awful lot of money to obtain information and assessments on top of the huge organization that we basically maintain for that purpose.

3. Then, also early on, the OSWR contract should be sufficiently described to indicate its unique and irreplaceable character and value. On page 9, it seems particularly clear that we are better off paying an academic expert for a few hours time and letting him talk than to wait for him to write. We will get the information faster, will be able to draw more out of him on the spot, and save a lot of money. I'd pay for writing only when a guy has a track record or when specific data is called for.

4. On page 11, it seems to me that the customer who ordered the contract, and not Personnel, should be responsible for evaluation.

5. On the Appendix, what did the [ ] paper cost, how much of its value could [ ] have collected in one or two consultations of an hour or two each?

6. What do ASG and COTR mean?

7. If this is to be circulated outside, we should consider some kind of a listing of the contracts so that people would know what it is we are spending \$100 million on. I'd like to see that before finally evaluating the study.

  
 William J. Casey

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Central Intelligence Agency  
Office of the Deputy Director for Intelligence

DDI- 01500/86

21 MAR 1986

NOTE FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence  
Executive Director

FROM: Associate Deputy Director for Intelligence

Attached is the final version of the Product Evaluation Staff's latest study -- on external contracting in the DI. This is an enormous subject, but we have tried to keep the study brief and readable. It makes what I think are sound recommendations on the need to tie external contracting closely to internal research and to ensure that we are getting our money's worth from contracts. I hope you will find the study of interest.

As in the past, after you have read the study, we will show it to the Staff Directors of the HPSCI and SSCI.

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*What did the paper cost? How much of it's value*  
Attachment as stated *could have collected in over a few consultations of an hour or two each*  
John L. Helgerson  
ASS?  
GOTR-?

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# EXTERNAL CONTRACTING IN THE DI

FEBRUARY 1986

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SUMMARY

METHODOLOGY

THE CONTRACTING  
PICTURE

SUCCESSES &  
FAILURES

CONTRACTING &  
RESEARCH

RECOMMENDATIONS

APPENDIX A